

Insight Equity Management Company LLC

Part 2A of Form ADV

Firm Brochure

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This brochure provides information about the qualifications and business practices of Insight Equity Management Company LLC and certain of its affiliates (collectively, but excluding its portfolio companies, “Insight Equity”). If you have any questions about the contents of this brochure, please contact us at 817-488-7775 or information@insightequity.com. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT INSIGHT EQUITY OR ANY PRINCIPALS OR EMPLOYEES OF INSIGHT EQUITY POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.

Additional information about Insight Equity is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure contains information about Insight Equity Management Company LLC and certain of its affiliates (collectively, but excluding its portfolio companies, “Insight Equity”) upon its initial registration as an investment adviser with the SEC. There have been no material changes since adoption of this brochure.

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Advisory Business

Insight Equity is an independent private equity firm founded in 2002 and is ultimately managed and controlled by Ted W. Beneski and Victor L. Vescovo (collectively, the “Managing Partners”). Insight Equity Management Company LLC (the “Managing Agent”) is a Texas limited liability company formed in 2005 to centralize the investment management functions of Insight Equity.

The Managing Agent serves as an investment manager and manages several private equity collective investment vehicles. Insight Equity currently manages (a) two private equity funds (together with their respective parallel funds, special purpose, alternate investment or subsidiary investment vehicles, the “Equity Funds”); (b) a mezzanine fund that invests in mezzanine and other securities issued by companies in which one of the Equity Funds has an investment (together with its parallel funds, special purpose, alternate investment or subsidiary investment vehicles, the “Mezzanine Fund”); and (c) two special purpose single investment private equity investment partnerships formed for the Managing Partners and others prior to the formation of the Equity Funds and the Mezzanine Fund (together with related investment vehicles, the “Pre-Fund Investments,” and together with the Equity Funds and the Mezzanine Fund, the “Funds”). Typically, each Fund includes a special purpose general partner, managing member or similar

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entity controlled directly or indirectly by Insight Equity (each, a “General Partner”). Unless and only to the extent that the context otherwise requires, references to Insight Equity include the General Partners.

The Equity Funds and Mezzanine Fund were organized to invest in strategically viable, underperforming, asset intensive, middle-market companies that are primarily based in North America. As of December 31, 2011, Insight Equity managed on a discretionary basis \$1,302,136,593 of regulatory assets under management on behalf of the Funds.

The investment activities of the Funds and overall direction of Insight Equity are ultimately directed by the Managing Partners. In addition to the Managing Partners, there are other investment professionals employed by the Managing Agent who have multi-disciplinary backgrounds and work with Insight Equity and its investments (collectively, the “Insight Equity Team”). The Managing Partners and the Insight Equity Team are involved in a significant portion of the material aspects of Insight Equity’s portfolio investments.

Insight Equity will source and evaluate investment opportunities; formulate the Funds’ investment plans to create value; structure, negotiate and direct the debt and equity financing thereof; monitor and manage the investments and portfolio companies (in collaboration with portfolio company management); strategize and execute divestiture opportunities for portfolio companies; and generally oversee the Funds’ assets in accordance with the terms of its advisory or management agreements, confidential offering and/or private placement memoranda, limited partnership agreement and other governing documents applicable to each Fund (the “Governing Documents”). Investment advice and management is provided directly to the Funds and not individually to the limited partners of or investors in the Funds (the “Investors” or “Limited Partners”). Investors may not restrict investments by the Funds in any capacity. All existing investment restrictions are described in the Governing Documents. Investors should review the Governing Documents for additional information regarding the Funds in which they have invested.

Limited partnership interests, membership interests and similar equity interests in the Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in the Funds have been offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

Fees and Compensation

General

Insight Equity typically receives compensation from fees based on a percentage of capital under management, carried interest distributions and certain other fees or expenses related to transactions, all in accordance with the Governing Documents. Investors should review the relevant Governing Documents to fully understand the total amount of fees to be paid by a Fund and, indirectly, by its Investors. The General Partner of a particular Fund will either call capital for management fees and other expenses or pay such fees and expenses out of current income and disposition proceeds of the Funds. For more specific information regarding fees, Investors

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should review the Governing Documents for the Funds in which they have invested. See “Performance-Based Fees and Side-by-Side Management” below for a further discussion of fees and the potential conflicts of interest they can create. See the “Brokerage Practices” section below for additional information regarding transaction costs.

Management Fees

Each Equity Fund and the Mezzanine Fund will generally pay an investment management fee to the Managing Agent (the “Management Fees”), semi-annually no more than five and half months in advance equal to a percentage (ranging from 1.5% to 2.0% depending on the Fund) of aggregate capital commitments during the investment period or, if earlier, until the closing of a subsequent Fund. Thereafter, through the termination of the Fund, the annual Management Fees will generally equal a percentage (ranging from 1.5% to 2.0% depending on the Fund) of the aggregate capital contributions of all Limited Partners in such Fund used to make investments in portfolio companies that have not been sold or written off in full. Management Fees will be reduced by a percentage of the amount of certain other fees received by Insight Equity, as described in further detail below.

Insight Equity may elect to waive all or any portion of any future Management Fees. Any waiver of all or any portion of Management Fees will generally reduce the capital commitments required of certain General Partners, Insight Equity, the Insight Equity Team, any other person who is or was serving as a director or officer or in any other position of any portfolio company at the request of a Fund or Insight Equity, and affiliates of each of the foregoing (collectively, the “Affiliated Coinvestors”) by the waived amount, as set forth in Governing Documents.

Carried Interest

With respect to the Equity Funds and the Mezzanine Fund, Insight Equity will generally be entitled to receive “carried interest distributions” equal to 20% of investment proceeds in excess of all capital contributed by the Investors with respect to the investment to which those proceeds relate plus a 9% preferred return thereon, calculated and distributed in accordance with the specific provisions of the applicable Fund’s Governing Documents. Also, for certain Funds, the carried interest distribution will escalate to 25% or 30% when the investment produces gross returns in excess of 2.5 times or 4.5 times, respectively, its invested capital. The General Partner’s carried interest distributions are generally subject to the obligation to return certain distributions pursuant to “clawback” arrangements periodically and upon liquidation of the applicable Fund as provided in such Fund’s Governing Documents.

Directors’ and Transaction Fees

Insight Equity will generally be entitled to collect from or with respect to a Fund’s portfolio companies or a potential portfolio company certain directors’ fees and transaction fees; provided that the Management Fee payable by such Fund will generally be reduced by a percentage of any such directors’ fees and transaction fees as set forth in the Governing Documents. If any such fees required to be credited against the Management Fees for a particular Fund for any period exceed the Management Fees payable by such Fund for such period, the amount of such excess will generally be carried forward and credited against the Management Fees payable by such Fund for subsequent periods. Insight Equity does not collect any periodic monitoring, management or similar fees from the Fund’s portfolio companies.

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Overhead Expenses

Insight Equity will generally pay all of its own ordinary administrative and overhead expenses, including office space, office supplies and equipment and compensation and employee benefits for their employees.

Other Fund Expenses

The Funds will generally pay, or will generally reimburse Insight Equity for, other expenses of the Funds as set forth in applicable Governing Documents. The Equity Funds and the Mezzanine Fund will generally not reimburse Insight Equity for organizational expenses in a combined aggregate amount in excess of a certain dollar amount, as set forth in applicable Governing Documents, provided that any organizational expenses incurred in excess of that amount may be paid by such Funds to the extent that the Management Fees are reduced pursuant to the Governing Documents.

Allocation of Shared Expenses

Any unreimbursed expenses directly related to a portfolio company or potential portfolio company in which two or more Funds have an investment or incur such expenses will be allocated among such Funds by the General Partner in good faith, provided that certain Funds organized for Affiliated Coinvestors may not bear a pro rata share of unreimbursed expenses for unconsummated transactions and certain fund administration expenses.

Pre-Fund Investments

Insight Equity or certain of its affiliates may have the right to receive carried interest and/or additional equity in connection with the Pre-Fund Investments as described in more detail in the applicable Governing Documents.

Termination of Services

The ability of Investors in the Funds to withdraw is limited by the terms of the applicable Governing Document. The ability of such Investors to terminate the obligation to pay applicable management fees or carried interest distributions or to terminate their investment in the vehicle is consequently limited.

Performance Based Fees and Side-by-Side Management

As described above under “Fees and Compensation,” Insight Equity receives carried interest distributions based on the profit distributions to Limited Partners from certain Funds. The fact that a significant portion of Insight Equity’s compensation (and its investment professionals’ compensation) is directly tied to profit distributions generated by certain Funds may create an incentive for Insight Equity and such professionals to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Affiliated Coinvestors do not pay carried interest. The payment by some but not all Funds of carried interest, or the payment of carried interest at varying rates, may create an incentive for Insight Equity to disproportionately allocate time, services or functions to Funds paying carried interest or Funds paying carried interest at higher rates. For additional information on certain potential conflicts of interest see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” below.

Types of Clients

The Managing Agent provides management and discretionary investment advisory services directly to the Funds, subject to the direction and control of the General Partner of each Fund. The Managing Partners, other members of the Insight Equity Team and other affiliates provide more limited services to the Pre-Fund Investments. In each case, Insight Equity does not provide advisory services individually to the Investors. Investors in the Funds may include, but are not limited to, governmental or corporate pension funds, university or similar endowments, funds of funds, other institutional investors, high net worth individuals and foundations.

The minimum commitment for a Limited Partner in the Equity Funds and the Mezzanine Fund is generally \$5 million to \$10 million; however, Insight Equity has discretion to accept less than the minimum investment threshold as set forth in the Governing Documents. In addition, the Funds may enter into separate agreements, commonly referred to as “side letters,” with certain Investors, to provide such Investors with additional or different terms than those specifically described in the Governing Documents. These side letters primarily relate to laws, policies and procedures applicable only to specific Investors and not all Investors. However, under certain circumstances, these side letters could create preferences or priorities for such Investors with respect to other Investors.

Investors are typically required to meet certain suitability qualifications as described in the Governing Documents, such as being an “accredited investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors will be required to make certain representations when investing in a Fund, including, but not limited to, that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and that (iii) they have the ability to bear the economic risk of an investment in the Fund. Details concerning applicable Investor suitability criteria are set forth in the respective Fund’s offering documents and subscription materials, which are furnished to each prospective Investor.

Methods of Analysis, Investment Strategies and Risk of Loss

Insight Equity’s investment strategies generally involve seeking to transform strategically viable, underperforming, asset intensive, middle-market companies. Insight Equity seeks to be highly selective in its approach, targeting only those companies that are experiencing some level of underperformance but are strategically viable, and possess transformational qualities. Insight Equity seeks to work closely with portfolio company management to develop and implement value-building strategies.

Insight Equity seeks to capitalize on its ability to bring differentiated insights to opportunities, identifying transformational potential where other investors may not. Insight Equity generally believes that businesses with the following characteristics present the greatest potential for change and growth: (i) private or family-owned companies that are capital and/or management constrained; (ii) “orphans” of multi-faceted companies that are under-managed or suffer from under-investment; (iii) distressed or generally underperforming businesses; (iv) healthy businesses with transformational upside potential from operational improvements or growth; or (v) public companies that receive little operational assistance from their equity owners.

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Fund Strategy

Insight Equity seeks to be highly selective, targeting only strategically viable, underperforming, asset intensive, middle-market companies in which it identifies transformational qualities. As part of this strategy, Insight Equity seeks to identify unrealized value in underlying assets and improve the operations of companies to create competitive advantages and achieve improved market positions. Insight Equity seeks to partner collaboratively with portfolio company management in a “hands-on,” operationally intensive manner to create and implement value creation strategies and tactics.

The Equity Funds will make primarily control equity and other investments in portfolio companies, while the Mezzanine Fund may only invest in mezzanine or other securities issued by companies in which one of the Equity Funds has a primarily control investment. The Pre-Fund Investments were formed as special purpose single investment vehicles.

Insight Equity seeks to invest primarily in companies that meet the following criteria: (i) North American-based, middle-market companies with \$50 million to \$1 billion in revenue and \$50 million to \$750 million in enterprise value; (ii) strategically viable companies with sustainable competitiveness; (iii) companies with underlying “transformational” potential; and (iv) companies in asset-intensive industries where Insight Equity has significant knowledge and experience. Insight Equity believes that companies in the middle-market in particular present great potential for the immediate implementation of its transformational strategy. Companies that meet these criteria are often resource constrained with limited access to the capital markets and have the potential to benefit significantly from Insight Equity’s hands-on approach to investment and change.

Associated Risks

Private equity involves a high degree of business and financial risk that may result in substantial losses. Portfolio companies may be operating at a loss or with substantial variations in operating results from period to period and may need substantial amounts of additional capital to support expansion or to achieve or maintain a competitive position. Investment in the Funds is highly speculative, involves a high degree of risk and could result in the loss of part or all of an Investor’s capital contribution.

The following is a brief overview of some of the unique risks associated with Insight Equity’s investment strategies; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds. In addition, see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” for additional risks associated with certain conflicts of interest. Investors should consider an investment in a Fund as involving a high degree of financial risk and should therefore carefully consider all risks described in the relevant Governing Documents. Each prospective Investor should carefully review the applicable Governing Documents, as applicable, before deciding to make an investment in a Fund.

No Assurance of Investment Return; Past Performance

The past investment performance of the Funds should not be relied on as an indicator of a Fund’s future performance or success. There is no assurance that the Funds will be able to generate

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returns for their investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described in the Governing Documents. An investment in the Funds should only be considered by persons who can afford a loss of their entire investment.

Reliance on General Partner/Insight Equity/Key Man

Decisions with respect to the management of the Funds will be made by Insight Equity. The success of the Funds will depend on the ability of the General Partner and/or Insight Equity to identify and consummate suitable investments, to improve the operating performance of portfolio companies and to dispose of investments made by the Funds at a profit. The success of the Funds depends in substantial part upon the leadership, skill and expertise of the Managing Partners. However, there can be no assurance that each of the Managing Partners will continue to be affiliated with Insight Equity throughout the Funds' anticipated term. The loss of one or more of these individuals could have a material adverse effect on the performance of the Funds.

Difficulty Locating Suitable Investments

There can be no assurance that Insight Equity will be able to identify a sufficient number of attractive investment opportunities to invest fully the Equity Funds' and Mezzanine Fund's committed capital in opportunities that satisfy the Funds' investment objectives, or that such investment opportunities will lead to completed investments by such Funds. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate.

No Right to Control the Funds' Operations

Investors, as limited partners, will have no right or powers to take part in the management of the Funds or any of their investments and will not receive detailed financial information issued by portfolio companies. In order to safeguard their limited liability from the liabilities and obligations of the Funds, Limited Partners must rely entirely on Insight Equity to conduct and manage the affairs of the Funds.

Control Investments and Directorships

The exercise of control over a company through a control position, or the service of an officer or employee of Insight Equity as a director of such company, could (i) expose the assets of the Funds to claims by such company, its security holders and creditors or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which general limited liability protections are ignored. If these liabilities were to occur, the Funds, directly, and the Funds' partners indirectly, would likely suffer losses with respect to their investments.

Financial Market Fluctuations

General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

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Illiquid Nature of Portfolio Company Investments

The Funds make investments in securities that have limited liquidity. It is anticipated there will be a significant period of time before the Equity Funds and the Mezzanine Fund have completed their investments in portfolio companies. Transaction structures typically will not provide for liquidity of the Funds' investment prior to that time. Generally, there will be no readily available market for a substantial amount of the Funds' portfolio investments. It is likely that no return from the disposition of the Funds' investments will occur until a significant period of time has passed.

Illiquid Nature of Interests

There will be no public market for the Investors' interests in the Funds, and none is expected to develop. The Investors interests in the Funds have not been registered under U.S. federal or state or any non-U.S. securities laws, and transfer of such interests is subject to restrictions on resales imposed by federal and state securities laws. Interests generally will not be transferable, and investors generally will not be permitted to withdraw until the termination of the Funds. An investment in the Funds should be considered illiquid, and investors may not be able to liquidate their investments prior to the expiration of the Funds' term.

Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Funds' investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, rising interest rates may increase portfolio company interest expense. If a portfolio company cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company. The use of leverage will have the effect of increasing the volatility of the Funds' investments. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions (e.g., due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders) may materially impair the Funds' ability to consummate portfolio investments, to make leveraged distributions or to sell investments to buyers who utilize similar leverage strategies.

Competition for Investments

The Equity Funds and the Mezzanine Fund expect to encounter competition from other entities having similar investment objectives. To the extent that the Funds encounter competition for investments, yields to Investors may decrease.

Investments in Distressed Securities and Restructurings

The Funds may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties. These financial difficulties may never be overcome and may cause such portfolio company to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investment therein.

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Foreign Investments

To the extent the Equity Funds or the Mezzanine Fund invest in companies organized or with substantial operations outside the United States, those investments will be subject to risks associated with foreign investment. These risks may include, but are not limited to, potential material adverse effects caused by inflation, currency devaluation, less developed entity and finance laws and regulations, exchange rate fluctuations, repatriation or exchange control regulation, withholding or other taxes, changes in government policies (including foreign investment policy and taxation), social instability and other political, economic or diplomatic developments in such countries.

Material, Non-Public Information

By reason of its investment or proposed investment in a portfolio company, the Funds may acquire confidential or material non-public information or otherwise be restricted from initiating transactions in certain securities. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell securities of a portfolio company that it otherwise might have sold.

Minority Investments

The Equity Funds and the Mezzanine Fund may, in certain circumstances, invest in minority positions of companies and in companies for which the Funds have no right to appoint a director or otherwise exert significant influence. In such cases, the Funds will rely significantly on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds.

Risk of Limited Number of Investments

The Equity Funds and the Mezzanine Fund may participate in a limited number of investments and each of the Pre-Fund Investments have invested in only a single portfolio company and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single portfolio company. Other than as set forth in the Governing Documents, Investors have no assurance as to the degree of diversification of the Funds' portfolio investments, either by geographic region, relative sizes of investment, asset type or sector.

Diverse Investor Base

Investors may have conflicting investment, tax and other interests with respect to their investments in the Funds. As a consequence, conflicts of interest may arise in connection with decisions made by Insight Equity, including with respect to the nature or structuring of portfolio investments, that may be more beneficial for one investor than for another investor, especially with respect to investor specific tax situations.

Hedging Policies/Risks

In connection with the financing of certain portfolio investments, the Funds or their portfolio companies may employ hedging techniques designed to reduce the risks of adverse movements in commodity prices, interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated

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changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if it had not entered into such hedging transactions.

U.S. Dollar Denomination of Interests

Interests in the Funds are denominated in U.S. dollars. Investors subscribing for such interests in any country in which U.S. dollars are not the local currency should note that changes in the value of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such Investor.

Bridge Financings

From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

Management Team of Portfolio Companies

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. There can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with a Fund's plans.

Repayment of Certain Distributions; Additional Capital Contributions

Any Investor's capital commitment is susceptible to risk of loss as a result of any liability of the Funds irrespective of whether such liability is attributable to a portfolio investment to which such Investor contributed any capital or even if such obligation or liability arises after termination of the Funds. If any Fund is otherwise unable to meet its obligations (including an obligation arising from an indemnifiable event), the Investors may, under the applicable Governing Documents or law, be obligated to return distributions previously received by them, even if such obligation or liability arises after termination of the Fund.

Indemnification

The Funds generally will be required to indemnify Insight Equity, the General Partners, and each such entity's members, managers and affiliates, Advisory Board members, and others described in the Governing Documents for liabilities incurred in connection with the affairs of the Funds. Such liabilities may be material and have an adverse effect on the returns to the investors.

Risks Upon Disposition of Certain Investments

In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Investors to the extent of their capital commitments or previous distributions made to them.

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Failure to Make Capital Contributions

If an Investor fails to pay when due installments of its capital commitment to the Funds, and the contributions made by non-defaulting Investors and borrowings by the Funds are inadequate to cover the defaulted capital contribution, the Funds may be unable to pay their obligations when due. As a result, the Funds may be subjected to significant penalties that could materially adversely affect the returns to Investors (including non-defaulting Investors). If an Investor defaults, it may be required to sell its interests in the applicable Fund at a significant discount to fair market value payable with an interest-free promissory note due upon termination of the Funds.

Legal, Tax and Regulatory Risks

There is a risk that the Internal Revenue Service will not concur as to the tax consequences of an investment in the Funds described in the Governing Documents and, under certain circumstances, the Investors could be required to recognize taxable income in a taxable year for federal income tax purposes or otherwise, even if the Funds do not do not distribute cash or property to the Investors. Legal, tax and regulatory changes could occur during the term of the Funds that may adversely affect the Funds, their portfolio companies or Investors.

Dilution from Subsequent Closings

Investors subscribing for interests in the Equity Funds or the Mezzanine Fund at subsequent closings will participate in existing portfolio investments, diluting the interest of existing Investors therein.

Expedited Transactions

Investment analyses and decisions by Insight Equity may be undertaken on an expedited basis in order for the Funds to take advantage of available investment opportunities. In such cases, the information available to Insight Equity at the time of the investment decision may be limited, and Insight Equity may not have access to the detailed information necessary for a thorough evaluation of the investment opportunity.

Investments Longer than Term

The Funds may make investments that may not be advantageously disposed of prior to the date that the Funds will be dissolved, either by expiration of the Funds' term or otherwise. The Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Investors will occur.

Additional Risks Associated with Mezzanine Fund

Lack of Direct Mezzanine Investing Experience

The skills and experience necessary to execute and manage mezzanine and other investments for the Mezzanine Fund differ from those associated with private equity investing. As a result, there can be no assurance that Insight Equity's success in private equity investing will be replicated in mezzanine or similar investing.

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Non-Controlling Interests in Portfolio Companies

The Mezzanine Fund will generally hold non-controlling interests in portfolio companies and, although the Mezzanine Fund may negotiate negative covenants and other contractual restrictions for each portfolio company, it will primarily be the responsibility of management teams and boards of directors of such companies, which may include representation by equity investors whose interests may conflict with the interests of the Mezzanine Fund, to operate the portfolio company on a day-to-day basis. Accordingly, the Mezzanine Fund will have a limited ability to protect its investments in such portfolio companies.

Nature of Mezzanine Securities

Although senior equity securities and mezzanine debt are typically senior to common stock or other equity securities, the senior equity and debt securities in which the Mezzanine Fund will invest will generally be unsecured and subordinated to substantial amounts of senior debt, all or a significant portion of which may be secured. In addition, these securities may not be protected by all of the financial covenants, such as the limitations upon additional indebtedness, typically protecting such senior debt. Holders of subordinated debt generally are not entitled to receive any payments in bankruptcy or liquidation until senior creditors are paid in full. Holders of senior equity are not entitled to payments unless all creditors are paid. In addition, the remedies available to holders of subordinated debt are normally limited by restrictions benefiting senior creditors.

Disciplinary Information

Neither Insight Equity nor any of its managing persons have been involved in any legal or disciplinary events in the past 10 years that it believes would be material to a Fund's or Investor's evaluation of Insight Equity or its personnel.

Other Financial Industry Activities and Affiliations

Insight Equity organizes the Funds, for which affiliates of Insight Equity serve as general partner or managing member or in a similar capacity. For a description of the conflicts of interest created by the relationship among Insight Equity and the General Partners, see "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" below.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), Insight Equity has adopted a written Code of Ethics (the "Code") predicated on the principle that Insight Equity owes a fiduciary duty to the Funds. The Code is designed to address and avoid potential conflicts of interest and is applicable to all Insight Equity personnel, and each other individual designated by the Chief Compliance Officer as being subject to all or a portion of the compliance procedures or policies adopted by Insight Equity. Insight Equity requires Insight Equity personnel to act in the Funds' best interests, abide by all applicable regulations and

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adhere to the highest standards with respect to any potential conflicts of interest with the Funds or Investors.

Insight Equity generally requires pre-clearance before purchasing securities in an IPO or limited offering (i.e., private placement), requires periodic reporting by Insight Equity personnel of personal securities transactions and personal account holdings, and requires prompt internal reporting of Code violations. Procedures have been adopted to ensure compliance with the provisions of the Code, including annual affirmations of compliance and regular reviews of personal securities holdings and transactions. A copy of Insight Equity's Code is available upon request.

Certain transactions in which Insight Equity engages may require, for either business or legal reasons, that no Insight Equity personnel trade in securities of companies whose names appear on a list (the "Restricted List") for specified time periods. No Insight Equity personnel may engage in any sort of trading activity with respect to a security or a derivative thereof issued by companies appearing on the Restricted List.

Conflicts of Interest

Insight Equity engages in a broad range of activities, including investment activities for their own account and for the account of the Funds, and provides transaction-related, advisory, management and other services to portfolio companies of the Funds. Insight Equity has described various conflicts of interest that may arise in respect of its business, as well as a description of how Insight Equity addresses such conflicts of interest, below. This is not intended to serve as an exhaustive list or a comprehensive description of all conflicts that may arise in connection with the management and operation of the Funds.

Instances may arise where the interests of Insight Equity, the General Partners, the Insight Equity Team, and the Managing Partners may potentially or actually conflict with the interests of the Funds and the Investors, including activities related to one or more Funds that have similar investment focuses and objectives as those of other Funds, activities related to Pre-Fund Investments or the sponsorship of additional funds with similar investment focuses and objectives as those of the Funds. For example, it is anticipated that the Mezzanine Fund will invest in mezzanine securities issued by portfolio companies in which the Equity Funds have an investment. Such coinvestments may involve the allocation between the Mezzanine Fund and the Equity Funds of expenses incurred and fees generated in the course of evaluating and making such investments. The appropriate sharing of such expenses and fees may not always be clear and may be somewhat arbitrary. If a portfolio company in which the Mezzanine Fund has an investment and in which any Equity Fund has an investment becomes financially troubled, Insight Equity will make its decisions regarding the appropriate action to be taken with respect to that portfolio company, including the terms of any financial restructuring or work-out, in the collective best interests of the Equity Funds and the Mezzanine Fund. In the event of a significant dispute or divergence of interest between the Equity Funds and the Mezzanine Fund, the Advisory Boards for such Funds may, in their sole discretion, elect to cause separate legal counsel and/or financial advisors to be retained to represent the Mezzanine Fund in making such decisions. These and other situations will involve potential conflicts of interest. Although the Funds will establish procedures to address such conflicts, there can be no assurance that such

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conflicts will be resolved in a manner that is most favorable to a particular Fund and its Investors.

The Managing Partners and the investment professionals will also continue to devote a portion of their time to the management of the Pre-Fund Investments and other Funds, as well as existing investments, directorships and officerships. Although the Insight Equity Team and the Managing Partners intend to devote substantial amounts of their business time and efforts to the activities of the Funds, the contemporaneous operation of these other entities may result in certain conflicts of interest, including competition for their time and attention.

As discussed under “Fees and Compensation” above, one or more Affiliated Coinvestors will generally coinvest with an Equity Fund or the Mezzanine Fund in the portfolio companies or directly invest in a Fund, subject to applicable restrictions set forth in Governing Documents. Affiliated Coinvestors will invest in the same securities and on the same terms and conditions as a Fund’s concurrent investment, and such Affiliated Coinvestors may not dispose of any portion of such investment prior to the date on which the Fund disposes of a proportionate share of its concurrent investment, or on terms which differ substantively from the terms on which the Fund disposes of its investment. The Affiliated Coinvestors’ capital commitment to a Fund will be contributed to a Fund at the times and in the manner as set forth in the Governing Documents. Any waived portion of Management Fees may be applied against this commitment and invested in Fund investments. Because Insight Equity, the General Partners, Managing Partners and the Insight Equity Team can and may have an investment in the Funds, they may be considered to participate indirectly in transactions effected for such Funds. The relationships, fees, and any other actual or potential conflicts of interest arising therefrom are disclosed in detail in the respective Governing Documents. Also, Insight Equity and/or Insight Equity personnel may in some cases personally invest in the same securities that are purchased for the Funds, or they may own securities of issuers that are subsequently purchased for the Funds. Investments by Insight Equity and/or Insight Equity personnel for their own accounts in investments that may be suitable investment opportunities for the Funds are subject to review by Insight Equity.

Where appropriate, Insight Equity may offer co-investment opportunities to certain third-party investors. These co-investment opportunities will be offered as interests in a limited partnership or other similar entity formed for each investment (a “Co-Investment Entity”). Insight Equity will allocate the available investment among the Funds, the Co-Investment Entity and any third parties as it may in its sole discretion determine.

In order to accommodate the legal, tax, regulatory or investment requirements of the Equity Funds or the Mezzanine Fund or certain Investors, Insight Equity may create one or more entities (each, a “Parallel Investment Vehicle”), which coinvest with such Funds on substantially the same terms as the Funds on a pro-rata basis in proportion to their respective commitments, except where restricted due to legal, tax, or regulatory considerations. In order to accommodate the legal, tax, regulatory or investment requirements of the Equity Funds or the Mezzanine Fund or certain Investors, Insight Equity may also create one or more entities (each an “Alternative Investment Vehicle”) and direct the capital contributions of some or all of the Investors to be made to or through one or more of such Alternative Investment Vehicles. Any Alternative Investment Vehicle will contain terms and conditions substantially similar to those of the Funds

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and will be managed by Insight Equity. The profits and losses of an Alternative Investment Vehicle generally will be aggregated with those of the Funds for purposes of determining distributions by either such Funds or such vehicle unless the General Partner determines, in its sole discretion, that such aggregation increases the risk of certain adverse tax or other consequences.

Investment opportunities may be allocated among Funds, Parallel Investment Vehicles, Alternative Investment Vehicles, Affiliated Coinvestors and/or other co-investors in accordance with the provisions of the applicable Governing Documents. Insight Equity expects to manage various Funds and other investment vehicles subject to any restrictions in the Governing Documents. Funds and other investment vehicles advised by Insight Equity may have different investment objectives or restrictions. Decisions as to purchases and sales for each Fund are made separately and independently in light of their respective objectives and restrictions and may differ, depending on the Fund. As such, investment decisions made on behalf of one Fund may not always be consistent with investment decisions made on behalf of another Fund. Insight Equity will monitor investment allocations to ensure that each of the Funds is not being systematically disadvantaged. Except with respect to investments made by the Mezzanine Fund, a Fund may not enter into a transaction with another Fund without approval of the Advisory Boards of those Funds and, with limited exceptions as set forth in the Governing Documents, such transactions must be made only on arms-length terms. Also, Insight Equity will not engage in principal transactions with the Funds, unless permitted by the Governing Documents or otherwise approved by the Advisory Boards for the applicable Funds in accordance with the Governing Documents.

Insight Equity may cause the Funds' to invest in portfolio companies that offer consumer products and services. As directors or in similar positions of such portfolio companies, or in their capacity as representatives of the Funds, Insight Equity and Insight Equity personnel may receive discounted or complimentary products and services from portfolio companies. Insight Equity maintains policies and procedures designed to address such potential conflicts.

As a fiduciary, and as a means of ensuring that a Fund is not improperly disadvantaged in connection with any transaction in which the Managing Agent will, as adviser, recommend that the Fund engage, Insight Equity will strive to ensure that any fee paid or otherwise borne by the Fund to the order of any related party of Insight Equity: (i) is in accordance with the applicable Governing Documents; or (ii) is comparable with fee arrangements that would typically have been entered into in consideration of the performance of like services, in a like transaction, by an unaffiliated service provider.

Insight Equity, its employees, and the Managing Partners may execute transactions for their own accounts, subject to restrictions and reporting requirements as may be required by law, as set forth in Governing Documents or as otherwise determined from time to time by Insight Equity. Execution of such transactions may present a conflict of interest.

Insight Equity may receive certain fees associated with investments or proposed investments or commitments made by the Funds.

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Employees of Insight Equity may serve as members of the governing board and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective equity holders. In certain circumstances, for example, in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an employee of Insight Equity and such individual's duties in its capacity with such portfolio company.

Brokerage Practices

Insight Equity does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments because the Funds invest in private portfolio companies, generally in the form of investments in private securities. To the limited extent Insight Equity may transact in public securities for the Funds, or engage intermediaries to effect transactions in private securities for the Funds, it intends to select brokers, dealers and other intermediaries based upon their ability to provide best execution for the Funds. Insight Equity is generally authorized to make some or all of the following determinations, subject to each Fund's Governing Documents: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer or other intermediary for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for each Fund, Insight Equity will consider a variety of factors, including, but not limited to, general expertise and background, the type and size of the transaction involved, the stability or solvency of the broker, dealer or intermediary, settlement capabilities, time required to complete the role sought, research services or any arrangements relating to overall performance in the best interest of the Fund. Although Insight Equity generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker, dealer or intermediary, which may justify higher commissions and equivalents than would be the case for more routine services.

Insight Equity does not participate in any formal soft dollar arrangements but may receive research products or services from brokers, dealers and other counterparties or intermediaries that, to the best of Insight Equity's knowledge, are generally made available to all institutional clients doing business with these counterparties. These products and services are made available to Insight Equity on an unsolicited basis and without regard to transaction costs paid by the Funds or the volume of business Insight Equity directs to these third parties. Insight Equity does not separately compensate such third parties for the research. Research services received from brokers, dealers, and other counterparties or intermediaries are supplemental to Insight Equity's own research effort. Insight Equity may have an incentive to select a broker, dealer or other counterparty or intermediary based on its interest in receiving the research or other products or services, rather than on the Funds' interest in receiving most favorable execution.

Insight Equity recognizes that the value of a key third-party service provider's products and services involves a number of factors, both qualitative and quantitative. In selecting key-third

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party service providers for a Fund, including for portfolio company due diligence, Insight Equity may take into account the full range of applicable factors. The engagement of a service provider for one Fund may result in an indirect benefit to another Fund and, as a result, such ancillary benefits may create an incentive for Insight Equity to select a service provider at the expense of one Fund to benefit another Fund.

Insight Equity receives services from third-party service providers that also provide services to the Funds. Insight Equity may receive a discount from such service providers relative to what it would otherwise be expected to pay had the service providers not been engaged by the Funds. Such discounts cannot accurately be quantified but, nevertheless, may create an incentive for Insight Equity to select a service provider based on its interest in potentially receiving a discount for itself, rather than on the Funds' interest in receiving the most favorable products and services. Although Insight Equity has established policies and procedures to address such potential conflicts, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to the Funds and their Investors.

Insight Equity may aggregate transactions among Funds, Parallel Investment Vehicles, Alternative Investment Vehicles, Affiliated Coinvestors, and/or other Coinvestors when such aggregation is expected to be in the best interest of all participants and in compliance with the Governing Documents. If and when applicable, Insight Equity will allocate aggregated transactions in accordance with the applicable Funds' Governing Documents and on terms and conditions that are substantially the same, unless specific legal, tax, regulatory or other restrictions apply. Any such shared investments will be liquidated or sold in accordance with the applicable Fund's Governing Documents.

Review of Accounts

The Funds' investments are primarily in private equity and mezzanine or similar debt and are generally private, illiquid and long-term in nature. All investments are carefully reviewed by the relevant members of the Insight Equity Team and approved by Insight Equity's Investment Committee, including the Managing Partners. The Funds' portfolio companies are reviewed on a continuous basis and Insight Equity's investment professionals meet regularly to discuss potential transactions, economic developments, current events, investment strategies, and the Funds' holdings.

Insight Equity provides quarterly unaudited financial statements and annual reports to Investors in accordance with the terms of the applicable Fund's Governing Documents. Insight Equity also provides Investors with audited financial statements annually as further described below under "Custody".

Client Referrals and Other Compensation

In connection with organizing and offering interests in the Equity Funds and the Mezzanine Fund, Insight Equity from time to time in the past has engaged placement agents. Such placement agents generally have received placement fees in connection with the offering and sale of interests in such Funds. If paid by the Funds, the Management Fee will generally be reduced by the amount of any such placement fees in accordance with the applicable Fund's

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Governing Documents. If any such fees required to be credited against the Management Fees for a particular Fund for any period exceed the Management Fees payable by such Fund for such period, the amount of such excess will generally be carried forward and credited against the Management Fees payable by such Fund for subsequent periods.

Insight Equity may also provide related services to portfolio companies or potential portfolio companies and may receive certain directors' fees and transaction fees. The Management Fee payable by such Fund will generally be reduced by a percentage of any such directors' fees and transaction fees as set forth in the Governing Documents. If any such fees required to be credited against the Management Fees for a particular Fund for any period exceed the Management Fees payable by such Fund for such period, the amount of such excess will generally be carried forward and credited against the Management Fees payable by such Fund for subsequent periods. Insight Equity does not collect any periodic monitoring, management or similar fees from the Fund's portfolio companies.

Custody

Insight Equity is deemed to have custody over the cash and securities held by the Funds because Insight Equity and the General Partners serve as manager, adviser and general partner or managing member (or similar capacity) to the Funds. As required by the Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), Insight Equity maintains cash and securities with an independent qualified custodian. The Funds are subject to an annual independent audit and audited financial statements prepared in accordance with generally accepted accounting principles will be distributed to the Funds' Investors in accordance with the Custody Rule. In addition, Insight Equity may provide Investors with additional reports in accordance with the applicable Governing Documents.

Investment Discretion

Subject to the direction and control of the General Partner, Insight Equity generally has discretionary authority to determine the portfolio companies and securities in which the Equity Funds and the Mezzanine Fund invest and to perform the day-to-day investment operations of the Funds, in each case, in accordance with the terms and conditions of the Governing Documents. The Governing Documents may place restrictions on this authority or describe limitations to it. You should review the applicable Governing Documents in order to understand the discretion that Insight Equity may exercise with respect to a particular Fund.

Voting Client Securities

Insight Equity has adopted written policies and procedures to address how it will vote proxies for the Funds portfolio investments. Insight Equity's policy is to exercise proxy votes in the best interest of the Funds. Investors cannot direct Insight Equity's vote in a particular solicitation.

When voting Fund proxies, Insight Equity will take into consideration all relevant factors, including without limitation, acting in a manner that Insight Equity believes will: (i) maximize the economic benefits to the Funds; and (ii) promote sound corporate governance by the issuer. Insight Equity may be required to exercise a vote for a privately-held portfolio company, in which case the same procedures will apply.

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Insight Equity will seek to avoid material conflicts of interest between the Funds and itself. The fiduciary duty Insight Equity owes to the Funds prohibits the adoption of a policy to enter default proxy votes in favor of board recommendations. However, as is common in private equity, Insight Equity seeks and accepts the election of one or more representatives to serve on the board of directors (or the equivalent thereof) on behalf of Funds and will typically, but not always, vote in favor of board recommendations and may be required to do so pursuant to contractual agreements with portfolio companies.

In situations where Insight Equity is required to vote the proxy for a company in which employees of Insight Equity serve on the board of directors (or the equivalent thereof), Insight Equity has determined that this does not inherently present a conflict of interest when the sole purpose of this representation is to maximize the return on the Funds' investment in such company. Accordingly, while Insight Equity is generally, but not automatically, fully supportive of recommendations made by a portfolio company's board of directors (or the equivalent thereof) with respect to proxy votes related to that issuer, it will review all proxies in accordance with the proxy voting guidelines outlined herein and may or may not vote in favor of the board's recommendation.

Insight Equity has adopted and implemented written policies and procedures regarding the voting of Fund proxies, including the handling of potential conflicts of interest. A copy of Insight Equity's written proxy voting policies and procedures, as well as a record of how Insight Equity has voted in the past, will be maintained and available for review upon written request.

Financial Information

Insight Equity has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Funds.